

# Your HSA Benefits



*Your Health Savings Account (HSA) works exclusively with the State of Indiana High Deductible Health Plan. Below is a summary of Tower Bank's HSA benefits.*

Bank Account Features	2007 Description/Coverage		
Payroll Deposits (Pre-Tax)	Contributions made through payroll will be pro-rated over 26 pay periods and will deposit directly to the employee's Tower Bank account. The State of Indiana will contribute:		
	HDHP 1	\$1,375 Individual	\$2,750 Family
	HDHP 2	\$935 Individual	\$1,870 Family
Other Deposits (After-tax)	Any Contributions made outside of payroll, but still within IRS limits, can be made directly to Tower Bank in person or by mail. These after-tax deposits must be accompanied by a contribution form accessed through Tower's website. These after-tax contributions can be deducted on your IRS tax return provided you are within your contribution limits.		
Maximum Annual Deposits	The maximum that may be deposited for a calendar year between the employer and employee is equal to the amount of the plan's deductible. For the State of Indiana employees that figure will soon be announced.		
Maximum Annual Deposits for those 55 or older on 1/1/07, or who turn 55 during 2007	A "catch-up" contribution of \$800 is permitted for each person in this category.		
Minimum Opening Balance	Waived for State of Indiana employees.		
Service Charge	One-time enrollment fee \$8.00 charged in January \$1.75 monthly.		
Bank Statement	Mailed monthly with paid check images.		
24/7 Automated Telephone Banking	No charge, toll-free number. Available to check account balance, status of paid checks and debit card transactions.		
Online Banking	No charge. View account activity and balances, view paid check images.		
Interest	\$0-\$999.00 0.55% APY \$1,000.00-\$9,999.00 1.62% APY + \$10,000.00 4.42% APY Variable rate based on balances. Rates can change daily.		
Debit Cards (no ATM cash access)	Free. No per transaction fees. Visa® Network. Purchases limited to approved vendors. Accepted by most medical providers and pharmacies.		
Check Printing Fees	\$7.25 per order of 50. First order, non-duplicate checks. Fee charged to the account and withdrawn from first deposit.		

**Questions? Please contact your Benefit Coordinator. You can also find answers to hundreds of HSA questions by visiting the US Treasury website, [www.treasury.gov](http://www.treasury.gov). HSA information is listed first under direct links.**

Authorized Signer	A second signer can be authorized to write checks and be issued a debit card. There is no charge for this expanded service.
Brokerage Services for accumulated Health Savings Account funds	Available. Ask a banker for details. Brokerage deposits are NOT FDIC INSURED. MAY LOSE VALUE.
Miscellaneous Fees	Per bank fee schedule. As with other checking accounts, overdraft, stop pay and other miscellaneous fees apply.
Funds after age 65	At age 65, funds in your HSA, including any accumulated interest, can be used tax-free to pay qualified medical expenses. If you elect to withdraw these funds for other purposes, you would claim the amount as taxable income in the same calendar year. There is no IRS penalty for withdrawing HSA funds after age 65. Under age 65, the penalty for unauthorized use of HSA funds is 10% plus regular income tax.
Account Transfer	This account can stay with you for life regardless of your employment status. If for some reason the account is no longer needed, there is a \$20.00 fee to close the account and process transfer to new custodian. This fee is waived if the closing is due to death of principle owner.
E-mail Answers to Your HSA Questions	Deposit account-related questions may be e-mailed to Customer.Care@Towerbank.net using "State of IN employee" in subject line
FDIC Insurance Coverage	Member FDIC. Deposits are insured to the maximum available by Federal law.
Confidentiality	This bank account is in your name and your rights and privacy are protected by law. Tower Bank does not sell client information. To read Tower Bank's Privacy Policy, visit our website <a href="http://www.towerbank.net">www.towerbank.net</a> or contact Customer Care for a printed copy.
Tracking of Medical Expenses	Tower Bank does not track your medical expenses. Please retain receipts for every medical expense. Review and retain monthly bank statements and check images. Review and file EOBs (Explanation of Benefits) with associated receipts. Retain medical provider invoices. Retain records for seven years as this information is supporting evidence should you be audited by the IRS.
IRS Reporting (Year-end 1099 SA, April 15, 5498 SA)	Tower Bank will report the employer and employee contributions and distributions to the IRS as required by law. Any unauthorized distributions are subject to IRS penalties and regular income tax.
Tax Advice	Tower Bank does not sell insurance or give advice on insurance plan coverage. Consult your tax advisor for details.
Beneficiary	Every account will require a beneficiary designation.

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